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RESTRUCTURING PAPER  
ON A  
PROPOSED PROJECT RESTRUCTURING  
OF THE  
HEALTH SECTOR REFORM PROJECT - PHASE II (APL2)

LOAN NO. 4760-RO

December 16, 2004

TO

ROMANIA

March 12, 2013

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## HEALTH SECTOR REFORM PROJECT – (APL 2)

(P078971)

### RESTRUCTURING PAPER

(LOAN NO. 4760-RO)

This Restructuring Paper seeks approval to extend the current closing date of the Project from March 15, 2013 to December 31, 2013. With this proposed extension, the Project will have a cumulative extension of the closing date of 48 months. This extension was requested by the Government through a letter from the Ministry of Public Finance dated February 19, 2013.

The proposed nine and a half-month extension is required to complete a few ongoing activities, necessary for the full attainment of the overall APL Program Development Objectives (PDOs). In addition, the extension will allow the completion of technical assistance activities needed to support the Ministry of Health's commitment in fulfilling requirements under the precautionary stand-by agreement with the International Monetary Fund. These activities suffered an implementation delay due to changes in the Government following the general election of December 2012, and this is why an additional extension of the Project is being sought.

The Project was approved on December 16, 2004 and became effective on June 27, 2005. The Project was restructured in November 2008, and a first closing date extension of 12 months was granted from December 31, 2009 to December 31, 2010. This was followed by a second extension (in two-steps) up to December 15, 2011, by a third extension to December 15, 2012, and by a fourth extension up to March 15, 2013.

Overall progress towards achieving the Project Development Objectives (PDO) remains satisfactory. All of the PDO Indicators are achieved as well as most of the Intermediate Outcome Indicators. Project implementation progress is rated satisfactory.

To date, EURO 61.5 million of the Loan proceeds are disbursed (almost 94.5 percent of the total Loan) while the total level of disbursements and commitments reached EUR 64 million (98.3 percent of the total Loan). It is expected that the total Loan amount will be fully disbursed provided the requested extension of 9 months is granted.

This fifth extension of the Project closing date from March 15, 2013 to December 31, 2013 will enable the preparation of the financial impact assessment of the envisaged health sector reforms, under revised Terms of Reference prepared by the new Government. This assessment is a performance criterion included in the precautionary stand-by agreement with the International Monetary Fund and in the Memorandum of Understanding agreed with the European Commission. This extension will also allow the preparation of additional technical assistance activities to support the design and implementation of the next generation of reforms in the health sector in Romania.

The requirements of **OP/BP 13.30** have been met, namely, (i) the project objectives are achievable; (ii) the performance of the Borrower and other project implementing agencies is satisfactory; and (iii) the Borrower has prepared a specific Action Plan acceptable to the Bank for the completion of the Project within the proposed extended timeframe, i.e. December 31, 2013. There are no outstanding audits for this Project.